

Message Text

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DEPT PASS TO SECURITIES AND EXCHANGE COMMISSION WASH DC

E.O. 11652: N/A

TAGS: EINV ECON BF US

SUBJ: INTERCONTINENTAL DIVERSIFIED CORPORATION (ICD)

PRESS COVERAGE

REF: A) 77 NASSAU A-41; B) 77 NASSAU 2054; C) NASSAU 009

D) NASSAU 067

PRESS COVERAGE ON ICD'S CONSENT ORDER AND CASINO OPERATIONS CONTINUED IN JANUARY 12 FRONT PAGE BANNER HEADLINE IN THE TRIBUNE ENTITLED "FREEPORT'S CASINO GROUP IS PRICED OUT". COMPLETE TEXT FOLLOWS: QUOTE THE HEAD OF THE FREEPORT GROUP OF COMPANIES THAT OWN THE EL CASINO SAID TODAY THAT HIS COMPANY NEVER 'GAVE UP' THE CASINO OPERATION TO GOVERNMENT BUT COULD NOT AFFORD TO PAY THE PRICE ASKED BY THEM FOR THE LICENSE. MR. EDWARD ST. GEORGE, PRESIDENT OF ICD, WHOSE COMPANY HAS BEEN RECENTLY LINKED IN AN SEC INVESTIGATION INTO ALLEGEDLY DIVERTING UNLAWFULLY \$3 MILLION IN CORPORATE FUNDS, SAID BAHAMAS AMUSEMENTS LIMITED, THE FREEPORT CASINO OPERATORS, LAST YEAR ONLY MADE A \$1.9 MILLION PROFIT - 'AND WE THOUGHT WE WERE DOING PRETTY WELL' - BUT THE COMPANY WAS NOT ABLE TO

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PAY AN ADDITIONAL \$2 MILLION LICENSE FEE REQUIRED BY GOVERNMENT WHEN THEIR LICENSE EXPIRED ON JANUARY 15. 'IT WAS JUST NOT FEASIBLE FOR US TO MEET THE FIGURE REQUIRED BY GOVERNMENT', SAID ST. GEORGE. IT WAS ANNOUNCED BY GOVERNMENT AT YEAR END THAT RESORTS INTERNATIONAL WHICH OWNS AND IS TO CONTINUE TO RUN THE PARADISE ISLAND CASINO FOR

GOVERNMENT, HAD BEEN GRANTED THE LICENSE AT FREEPORT FOR TEN YEARS ON PAYMENT OF A FEE TO THE BAHAMAS HOTEL CORPORATION OF \$2 MILLION A YEAR FOR THE FIRST FIVE YEARS AND \$3 MILLION A YEAR FOR THE SECOND FIVE YEAR TERM - PLUS A PAYMENT OF 7 1/2 PERCENT OF GROSS WIN OVER \$20 MILLION DURING THE FIRST FIVE YEARS AND 15 PERCENT OF GROSS WIN OVER \$20 MILLION IN THE SECOND FIVE YEARS. RESORTS WON OUT IN THE DEAL OVER PLAYBOY CLUBS INTERNATIONAL. ST. GEORGE SAID TODAY THAT 'RESORTS HAD FAR MORE EXPERTISE IN THIS FIELD THAN WE DO AND THEY CAN TURN A FAR BETTER PROFIT WHAN WE CAN IN THIS FIELD.' ST. GEORGE SAID THAT THE AVERGAGE WIN FOR THE CASINO OVER THE YEARS HAD BEEN ABOUT \$1.6 MILLION. AND HE SAID THAT IN THE LAST 18 MONTHS THE COMPANY HAD PAID OUT \$450,000 IN TOURISM PROMOTION, \$312,000 IN CRUISE SHIP PROMOTION, \$463,000 IN GENERAL ADVERTISING AND \$420,000 FOR AIRPORT SUBSIDIES BESIDES THE CAPITAL EXPENDITURE OF \$2 MILLION ON THE EXTENSION AND RUNWAY AT THE FREEPORT INTERNATIIONAL AIRPORT AND THE PRECLEARANCE FACILITIES OPENED LAST WEEKEND BY THE PRIME MINISTER. ST. GEORGE SAID THAT THE CASINO REVENUE WAS LARGELY USED 'TO PAY OFF OUT COMMITMENTS IN THESE OTHER FIELDS'. BUT ST. GEORGE SAID THE COMPANY WOULD NOW HAVE UNCLASSIFIED

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TO LOOK AT OTHER FIELDS TO MAKE UP THIS LOST REVENUE FOR PROMOTION' AND CERTAINLY THE GRAND BAHAMA DEVELOPMENT ORPORATION WILL HAVE TO BE MADE MORE ACTIVE.' HE SAID. BUT HE THOUGHT RESORTS WOULD BRING A HEALTHIER CLIMATE TO THE AREA AND HELP FREEPORT'S TOURISM PICTURE FOR THIS COMING YEAR. END QUOTE SCHWARTZ

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